

**By ASX Online**

ASX Market Announcements Office  
 Australian Securities Exchange  
 Exchange Centre  
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 Sydney NSW 2000

**Acquisition of Meander Valley Dairy business**

OnCard International Limited (**Company**) announces that it has agreed to acquire the Meander Valley Dairy branded food products business (**Meander Valley**) based in Tasmania for consideration of \$2.1 million.

Of the consideration, \$300,000 is to be satisfied by the Company issuing 1,666,667 new fully paid ordinary shares to the sellers (Robin and Karen Dornauf), representing approximately 8% of the total number of shares in the Company currently on issue. Those shares will rank equally from the date of their issue with the existing fully paid ordinary shares in the Company. Shareholder approval for the issue is not required and no funds will be raised by the Company from the issue. The balance of the consideration (\$1.8 million) will be paid in cash from the Company's existing cash reserves. Completion of the acquisition is to occur by 12 September 2015.

Meander Valley specialises in the production of premium cream and dairy products. Meander Valley's processing facility is located near Launceston and its branded products are sold through distributors throughout Australia. Based on unaudited accounts provided by the sellers, for the 12 months ended 30 June 2015, Meander Valley's revenue was approximately \$1.34 million and net profit before tax was \$0.11 million.

The following table sets out the expected financial effect of the acquisition on the Company:

	Pre-acquisition	Impact of acquisition	Post-acquisition
<b>Consolidated total assets</b>	\$5,473,580	\$300,000 (\$2,100,000 less cash outflow of \$1,800,000 to pay for acquisition)	\$5,773,580
<b>Consolidated total equity</b>	\$4,686,772	\$300,000	\$4,986,772
<b>Number of shares on issue</b>	20,863,514 fully paid ordinary shares	1,666,667 fully paid ordinary shares	22,530,181 fully paid ordinary shares
<b>Consolidated revenue for 6 months</b>	\$1.11 million	\$0.67 million	\$1.78 million
<b>Consolidated net profit before tax for 6 months</b>	\$(2.94 million)	\$0.05 million	\$(2.89 million)

The table has been prepared on the following basis:

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1. The Company's preliminary financial statements for the 6 months ended 30 June 2015 have been used together with unaudited accounts for Meander Valley provided by the sellers for the 12 months ended 30 June 2015. Consolidated revenue and net profit before tax have been rounded to the nearest ten thousand.
2. The pre-acquisition figures represent estimates of the Company's consolidated total assets, consolidated total equity and shares on issue as at 30 June 2015 and the Company's consolidated revenue and consolidated net profit before tax for the 6 months ended 30 June 2015, without adjustment for any changes since that date.
3. The post-acquisition figures simply represent estimates of the expected impact of the acquisition assuming Meander Valley had been acquired on the agreed terms and held by the Company for the 6 months ended 30 June 2015.
4. The information does not constitute a forecast or representation of the future financial position, prospects or performance of the Company. For example:
  - (a) the Company's preliminary financial statements for the 6 months ended 30 June 2015 include revenue generated by businesses which have since been sold by the Company and significant restructuring costs incurred by the Company during that period but which are expected to be one-off costs; and
  - (b) there will be other additional costs incurred by the Company in connection with the operation of Meander Valley post-acquisition, such as remuneration of the new general manager and additional director.

The Company has obtained in-principle advice from ASX that rules 11.1.2 and 11.1.3 of the ASX Listing Rules will not apply to the Meander Valley acquisition. Under those rules, ASX has discretion to require an entity to obtain shareholder approval and re-satisfy the admission and quotation requirements in chapters 1 and 2 of the ASX Listing Rules in connection with a significant change to the nature or scale of the entity's activities.

This acquisition is the result of the Company exploring a number of investment opportunities since completing the share buy-back and transfer of its residual Chinese businesses, and reflects the Company's identification of the food industry as an area for its investment focus.

#### **Key staff changes**

The Company will employ Jane Bennett as Head of Strategic Development and General Manager of Dairy. Jane has extensive experience in the premium branded food industry in Tasmania, including as the former managing director of Ashgrove Cheese, one of Australia's leading premium dairy brands. Jane also chaired the Tasmanian Food Industry Council for 8 years and was a board member of the Brand Tasmania Council for 10 years.

Jane has spent the past 4 years working as a non-executive director in a diverse portfolio of companies including the CSIRO, Australian Broadcasting Corporation, Van Diemen's Land Company and Tasmanian Ports Corporation.

#### **Board changes**

To enhance the board's skills in the areas of branded food products and strategic business development, Rob Woolley will join the board as a non-executive director. Rob will also be appointed chairman in place of Hugh Robertson who will step down as chairman but will remain a non-executive director.

Rob is the chairman of ASX-listed Bellamy's Australia Limited, a branded organic baby food company. He is a former chairman of Tandou Ltd and a board member of Forestry Tasmania and the not-for-profit Tasmanian Leaders Inc. Rob was previously managing director of Webster Limited following over 20 years as a partner of Deloitte.

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Roger McBain has also agreed to join the board as a non-executive director. Roger is currently a partner of Deloitte based in Launceston. Roger is a chartered accountant and will bring broad commercial and financial skills to the board. Ashley Killick will step down from the board following finalisation of the appointment of Roger McBain.

The Company takes the opportunity to thank Ashley for his significant contribution to the Company during his time on the board.

### **Options**

To minimise cash outflows and align their interests with the interests of shareholders, the Company proposes to issue to directors and senior executives (or their nominees) a total of up to 20 million options, each to subscribe for 1 new fully paid ordinary share in the Company at an exercise price of \$0.21 (for up to 10 million of the options) and \$0.42 (for the balance). The exercise period for the options will be 4 years from the date of issue, and shares issued in consequence of an exercise of options will rank equally from the date of their issue with the existing fully paid ordinary shares in the Company.

The proposed issue of options to directors (or their nominees) will be subject to shareholder approval. Further details of the proposed issue of options will be announced to the market in due course.

### **Share purchase plan**

Subject to shareholder approval, the Company intends to undertake a share purchase plan to increase its spread of marketable parcel shareholdings and strengthen its balance sheet. Further details of the share purchase plan will be announced to the market in due course.

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If you have a query about any matter covered by this announcement, please contact Mr Tony Robinson on +61 3 9642 3812.

**Ends.**

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